



State of Utah

DEPARTMENT OF COMMERCE Committee of Consumer Services

Minutes of the Meeting of the Committee of Consumer Services held
in the Heber M Wells Building, Salt Lake City, on 31 January 2006

Dee Jay Hammon called the meeting to order at 9:35 p.m. in room 210.

Members of the Committee in Attendance:

Dee Jay Hammon
Franz Amussen

Betsy Wolf (by phone)
Ryan Atkinson

Kelly Casaday
Kent Bateman

Staff in Attendance:

Leslie Reberg
Reed Warnick
Christine Keyser

Dan Gimble
Cheryl Murray
Eric Orton

Paul Proctor
Kevin Hale

Members of the Public in Attendance:

Keven Hoopiaina
Artie Powell
Gary Robinson
Jason Perry
Claire Geddes (by phone)

Bill Evans
Dave Anderton
Barrie McKay
Chad Jones

Roger Ball
Connie White
Francine Giani
Sarah Wright

1 Administrative Matters

1.1 Welcome and Apologies for Absence

Dee Jay welcomed all those in attendance and excused Ryan Atkinson until 10:30 a.m.

1.2 Date and Location of Next Committee Meeting

The tentative date scheduled for the Committee Meeting is the 21 February 2006.

1.3 Approval of Minutes from Prior CCS Meetings

Meeting minutes for 29 August 2005 and 15 December 2005 were passed out for review. The Committee will review and approve those minutes at the next Committee Meeting.

1.4 Introduction of New CCS Staff Member

Leslie introduced Ronnie Drake as the Committee's new accountant/auditor. Dee Jay and Committee members welcomed Ronnie Drake. Leslie will be interviewing the final two candidates for the economist position that the Committee has open. Hopefully, the Committee will have another new staff member by the next Committee Meeting.

2 Public Comment

No Comments

3 Legislative Update

HB 46 - Energy Policy Amendments: This bill establishes the position of a state energy officer and an energy policy. This bill seems to have no opposition and has moved out of the House standing committee.

HB 191- Cost of intervention in Public Service Commission Proceedings: This bill, sponsored by Representative Gowans, allows a person to be reimbursed for expenses incurred while representing a class of established utility customers that are not statutorily represented by the CCS in a PSC proceeding.

HB 309 - Municipal Energy Sales and Use Tax Amendments: This bill, sponsored by Representative Hughes, limits the amount of energy sales and use tax a municipality may charge on gas sold or used to an average historical amount based on a per decatherm calculation.

SB 32 - Municipality Franchise Fee Tax Credit: This bill amends the Multi-Channel Video or Audio Service Tax Act to provide a nonrefundable tax credit for a multi-channel video or audio service provider pass through an amount equal to the tax credit to purchasers located within the state.

Committee staff will monitor the boxcar bills. A list of these bills is included in the Committee members' packets for their review.

4 Electricity

4.1 PacifiCorp's Low-Income Assistance Initiatives

Keven Hoopiaina from PacifiCorp gave a short PowerPoint presentation on Utah Power's Low Income Assistance Initiatives. He passed out a packet with detailed information regarding Utah Power's current Low Income Assistance Programs and information regarding additional proposed low income assistance initiatives (long and short term).

4.2 Mid-American Settlements in Other PacifiCorp States

Stipulations have been signed and filed with the Public Service Commissions in all six states (California, Oregon, Washington, Idaho, Utah and Wyoming).

Wyoming and Utah are the only states with Commission approval. Since Utah was the starting point for the settlement, negotiations, and commitments, many of the other states started with Utah's 50 basic commitments. Each state then adopted commitments that would be beneficial to their ratepayers in their particular state. The Utah Stipulation has a most favored provision. Utah parties have been meeting and going through the other states' stipulations/commitments trying to decide what would be beneficial for Utah ratepayers.

5 Telecommunications

5.1 Extended Area Service (EAS) Application—Sanpete County

On 23 January 2006, the Committee received the Utilities' cost studies and rate developments for the Sanpete County EAS for Manti Telephone Company, Gunnison Telephone and combined Central Utah Telephone Inc., and Skyline Telecom. The Division of Public Utilities has started its analysis and will validate the study. This process will probably take until April or May, after which they will give the Public Service Commission recommendations. Committee Research Analyst Chris Keyser will work with the Division on this matter and stay closely involved.

6 Natural Gas

6.1 Joint Application Regarding Conservation Enabling Tariff

6.1.1 Questar Gas Company Presentation

Barrie McKay, Manager Regulatory Affairs, gave a PowerPoint presentation with detailed information regarding Questar's proposed Pilot Program. This Pilot Program consisted of a Demand-Side Management (DSM) Program and a Conservation Enabling Tariff (CET) Mechanism. Barrie also discussed a potential rate reduction of \$10.2 million.

6.1.2 Committee Questions/Comments

Dee Jay asked Barrie McKay to clarify his comment during the last Committee Meeting when he promised, "No strings attached," regarding the \$10.2 million rate decrease. Barrie McKay apologized for any misunderstandings the Committee and the Public may have had. Barrie explained that his comment referred to the Pilot Program, which is not preventing the Division or Committee from hiring consultants to do audits or other regulatory procedures on a going forward basis.

6.1.3 Comments from Other Interested Parties/Individuals

Roger Ball commented on Barrie McKay's presentation regarding adjustments to rate of return and depreciation levels. He was concerned about the difference in interest rates that the company is paying on its borrowings. Roger stated that those issues are inputs on revenue requirement and these adjustments should be done in a full blow general rate case.

6.2 QGC Gas Pass-Through (191 Account) Decrease

The Company filed for a pass-through decrease on 22 January 2006. Then three days later, the Company came in with a much larger rate decrease-- roughly \$93 million. Committee Utility Analyst Eric Orton explained that the Company receives a report forecasting the natural gas prices for the next year. They get this report in a 15-day time frame. The Company happened to receive this report two days after they filed for the rate decrease. Eric and Committee of Consumer Services consultants are looking at this rate decrease. Nothing so far has been found that would be irregular in the filing.

6.3 Update on Natural Gas Prices

Natural gas prices have been declining and projected in the five to six dollar range until next fall. Some reasons may be that customer usage has been down and a milder winter across the country.

7 Closed Meeting: To Discuss Pending or Reasonably Imminent Litigation

Franz Amussen motioned that the Committee go into executive session to discuss pending or reasonably imminent litigation. Kent Bateman seconded the motion and it passed unanimously.

Kent Bateman motioned that the Committee return to open session. Kelly Casaday seconded the motion and it passed unanimously.

8 Motions on Items Discussed in the Closed Meeting

The following statement was approved and submitted by the Committee:

The Utah Committee of Consumer Services requests that the Utah Public Service Commission stay further proceedings in docket 05-057-T01, except for implementation of an interim rate reduction of 10.2 million dollars as described in the Joint Application by Questar Gas Company and the Utah Division of Public Utilities which initiated this proceeding. The Committee makes this request in the interest of the deliberate and careful consideration of each separate item of relief requested and the analysis, audit, and review of Questar's and the Division allegations in support of each. The rate change and rate impact consequential to each item of relief requested must be determined by the Commission to be just and reasonable. That determination requires that the Committee and all interested and intervening parties be afforded an opportunity to meaningfully represent interest of their constituents who are Questar customers. The Committee requests on February 3, 2006 that the Commission hold a scheduling conference for the purpose of entering an Order that allows for investigation, discovery, intervention, and testimony and that establishes a timetable that recognizes the true scope and impact of Questar and the Divisions Joint application. The Committee also requests the opportunity to fully investigate and address whether the Joint Application and in particular as conditioned by paragraph

40 is a proper and an appropriate form for determining whether just and reasonable rates will result from the Joint Application and each of its components.

Franz Amussen motioned to adopt this statement as a Committee position and to submit or file it to the Public Service Commission. Kent Bateman seconded the motion and it passed unanimously. Also the Committee authorizes Leslie Reberg to sign the statement on behalf of the Committee.

9 Contract Amendments

Further assistance from Consultant, Phil Hayet is required in the area of IRP, avoided costs, power purchase agreement evaluations, special contracts, and other related issues.

Therefore, it is proposed that the Committee of Consumer Services amend Hayet Power Consulting contract. Kelly Casaday motioned to approve the allocation of an additional \$55,000 and extend the termination date to 30 September 2006. Ryan Atkinson seconded the motion and it passed unanimously.

Nancy Kelly's proposal to amend her contract was passed out for Committee members to review. Next Committee Meeting, Nancy's contract will be discussed and a proposal will be before the Committee members to amend her contract.

10 Other Business

Ryan Atkinson proposed that the meeting adjourn; the meeting ended at 2:15 p.m.